

Message Text

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ACTION EB-08

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E.O. 11652: N/A

TAGS: EFIN, NI

SUBJECT: BANKING NEWS

1. RESIDENT BANKERS TRUST REP VAN VOORHEES INFORMED EMBOFF THAT FMG HAS GRANTED FRENCH BASED SOCIETE GENERAL COMMERCIAL BANK CHARTER. FIRST BRANCH SHOULD OPEN WITHIN NEXT FEW MONTHS IN LAGOS. LOCAL SOCIETE GENERAL ENTITY SUBJECT TO 1977 INDIGENIZATION DECREE WHICH CALLS FOR 60 PERCENT NIGERIAN OWNERSHIP. ACCORDING TO VAN VOORHEES, ALL NIGERIAN EQUITY WILL BE HELD PRIVATELY.

2. COMMENT: SO FAR NOT ABLE DETERMINE VERACITY VAN VOORHES REPORT. HOWEVER, IF TRUE, PRIVATE ACQUISITION OF ENTIRE NIGERIAN EQUITY SHARE OF NEW BANK IS COMPLETE ABOUT FACE IN FMG POLICY WHICH HAS EMPHASIZED FEDERAL GOVERNMENT PARTICIPATION OR CONTROL OF BANKING SECTOR. WILL REPORT FURTHER DEVELOPMENTS AS AVAILABLE.

3. IN DECREE BACK DATED TO JANUARY 20, 1977, FMG HAS ALSO ESTABLISHED THE FEDERAL MORTGAGE BANK OF NIGERIA; FUNCTION OF BANK IS TO FUNNEL PRIVATE AND PUBLIC FUNDS INTO LONG TERM MORTGAGE CREDITS AVAILABLE DIRECTLY TO INDIVIDUALS AND INDIRECTLY THROUGH OTHER MORTGAGE INSTITUTIONS. ADDITIONAL ACTIVITY OF BANK IS TO INVEST IN FIRMS MANUFACTURING BUILDING MATERIALS.

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AUTHORIZED CAPITAL OF BANK IS NAIRA 20 MILLION TO BE RAISED PRIVATELY. BANK'S LOAN CAPITAL IS UNDETERMINED BUT WILL BE PROVIDED BY FMG. FEDERAL MINISTRY OF FINANCE COMMISSIONER WILL APPOINT CHAIRMAN, MANAGING DIRECTOR, MIN FINANCE REP AND FOUR OTHER BOARD MEMBERS, AND THUS WILL CONTROL BOARD OF DIRECTORS. REPRESENTATIVES FROM THE CENTRAL BANK, FEDERAL LANDS OFFICE, AND FEDERAL MINISTRY OF HOUSING, URBAN DEVELOPMENT AND ENVIRONMENT

ROUND OUT THE BOARD.

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Message Attributes

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